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Mexico

Sugar

New Sugar import Tariffs

2007

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Report Highlights:

The Secretariat of Economy (SE) published on May 8, 2007 in the Diario Oficial (Federal Register) a decree announcing that Mexico has aligned its out-of-quota sugar import tariffs for the United States with those tariffs granted by the United States to Mexico under NAFTA for out-of-quota sugar imports.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Introduction: This report summarizes an announcement modifying sugar tariffs from the Secretariat Economy published in Mexico's "*Diario Oficial*" (Federal Register) on May 8, 2007.

Disclaimer: This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

Title: Announcement that modifies the applicable tariff for 2003 of the General Import Tariff Law for products originating from the United States.

FAS/Mexico's Executive Summary: Considering the sweeteners agreement of July 27, 2006 between the United States and Mexico, and that the Mexican government is estimating that sugar supply for 2007 might not be enough to cover domestic demand, the Secretariat of Economy (SE) announced an adjustment to the tariffs applied to out-of-quota sugar imports originating from the United States to the same level that the United States applies to Mexican out-of-quota sugar imports. The Secretariat of Economy states that a decrease in import tariffs for sugar originating from the U.S. will assure fast and simplified access to imports, allowing for the balancing of supply and demand for sugar and limiting increases in domestic sugar prices.

Therefore SE published today, May 8, 2007 in the *Diario Oficial* (Federal Register) a decree announcing the modification of Article 10 of the 2003 Tariff Law announcement indicating that the following products will be subject to a tariff of **3.531 cents of a dollar per kilogram** and 0.05 cents of a dollar/kg less for each degree of polarization under 100 degrees (and fractions of a degree in proportion) but no less than 2.281 cents of a dollar/kg. (Under this schedule, refined sugar would be assessed a out-of-quota duty of 3.531 cents/kg, and raw sugar with 96 degrees of polarization would be subject to a duty of 3.331 cents/kg, both equivalent to the U.S. applied out-of-quota rates for Mexico of 1.60 cents per pound for refined and 1.51 cents per pound for raw sugar.) These products will be duty free on January 1, 2008.

HTS CODE	ITEM
1701.11.01	Sugar, with a dry sucrose content that has a polarization of 99.4 but not exceeding 99.5 degrees.
1701.11.02	Sugar, with a dry sucrose content that has a polarization of 96 but not exceeding 99.4 degrees.
1701.11.03	Sugar, with a dry sucrose content that has a polarization of less than 96 degrees.
1701.11.99	Sugar, others.
1701.12.01	Sugar, with a dry sucrose content that has a polarization of 99.4 but not exceeding 99.5 degrees.
1701.12.02	Sugar, with a dry sucrose content that has polarization of 96 but not exceeding 99.4 degrees.
1701.12.03	Sugar, with a dry sucrose content that has a polarization of less than 96 degrees.
1701.12.99	Sugar, others.
1701.91.01	Containing added flavoring or coloring matter.

1701.99.01	Sugar, with a dry sucrose content that has a polarization of 99.5 but not exceeding 99.7 degrees.
1701.99.02	Sugar, with a dry sucrose content that has a polarization of 99.7 but not exceeding 99.9 degrees.
1701.99.99	Sugar, others.
1702.90.01	Liquid refined sugar and inverted sugar.
1806.10.01	With a sugar content weighting same or more than 90%.
2106.90.05	Flavored syrups or with added coloring matters.

The sugar importer must have a written statement from the exporter that certifies that the product has not benefited from the U.S. Sugar Re-export Program. If the importer has this statement, and is not importing under a TRQ then the sugar will be subject to this duty.

Article 15 of the same Tariff Law deals with the duty-free access granted to sugar from the U.S. for 7,258 MT raw value under NAFTA for each MY 2005/06 and MY 2006/07, as well as for the first three months of MY 2007/08 that begins on October 2007 (Report MX6077). To have this preferential treatment, the importer must have an import quota permit issued by SE, imported products must be qualified products of U.S origin according to NAFTA, and the importer must provide a written statement from the exporter that certifies that the product has not benefited from the U.S. Sugar Re-export Program as follows:

H.T.S. TARIFF # SUBHEADING	NAFTA TRQ FOR 7,258 MT FOR U.S. COMMODITIES DOLLARS/Kg (09/13/06 TO 12/31/07)	SPECIFIC TARIFF FOR THIRD COUNTRIES DOLLARS/Kg
1701.11.01	0	0.338
1701.11.02	0	0.338
1701.11.03	0	0.338
1701.12.01	0	0.36
1701.12.02	0	0.36
1701.12.03	0	0.36
1701.91.01	0	0.36
1701.99.01	0	0.36
1701.99.02	0	0.36
1701.99.99	0	0.36
1702.90.01	0	0.36
1806.10.01	0	0.36
2106.90.05	0	0.36

The new modification now allows that if imported sugar is not under the TRQ system it will benefit of the current NAFTA tariff mentioned above of **3.531 cents of a dollar per kilogram**. For non-NAFTA product or product that benefits from the Sugar Re-export Program, sugar will continue to be subject to the tariff in column three, which is the general MFN rate granted by the General Import/Export Tariff Law.

Important Dates

1. **Publication Date:** May 8, 2007.
2. **Effective Date:** May 9, 2007.

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Internet Connections

FAS Mexico Web Site: We are available at <http://www.fas-la.com/mexico> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

Useful Mexican Web Sites: Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent of the Department of Commerce (SE) can be found at www.economia.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.